



## **Transformational Leadership and Organizational Survival in Deposit Money Banks in Port Harcourt**

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# Transformational Leadership and Organizational Survival in Deposit Money Banks in Port Harcourt

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## Abstract

This research examined transformational leadership and organizational survival in deposit money banks in Port Harcourt, Nigeria. A review of literature was undertaken with particular reference to transformational leadership being characterized in specific variables like idealized influence and inspirational motivation, while organizational survival was viewed from adaptability and flexibility. The reviews show that much of the works that was done in this area of study connoted a positive and significant influence. The study adopted the correlational research study and a cross-sectional design. Random sampling technique was adopted and a total of 200 workers were sampled. A total of 20 deposit money banks' branches in Port Harcourt were studied. The research instrument for this study was a structured questionnaire. The collected responses from the questionnaire were used in testing the formulated hypotheses through the Spearman Rank Correlation statistics. The study revealed that idealized influence and inspirational motivation all positively and significantly influences adaptability and flexibility respectively. Following the findings, the study concluded that transformational leadership positively and significantly impacts on organizational survival. These findings gave the following recommendations, that; organizations should use every means to influence and inspire each employee so as to keep them readily adaptable and flexible to the organizational needs, goals and objectives.

**Keywords:** *Adaptability, Flexibility, Idealized Influence, Inspirational Motivation, Organizational Survival, Transformational Leadership*

## 1.0 Introduction

Global organizations encounter constant change in their environments. External influences and internal changes affect all departments at all levels of the organizations. Yet the ability of these organizations to make these changes successfully is limited (Mendenhall, Osland, Bird, Oddou, & Maznevski, 2008). The major question that comes to mind today is, "How can global organizations meet the challenges?". No wonder, Kamikow (2012:4) proposed the need of global organizations to embrace the challenge of rapid change and uncertainty in the following observation: he noted that the age of flux mandates more than just a rousing pep talk about being "lifelong learners" or

simply ramping up learning requirements for those in critical talent positions. He proposed that what's needed is a learning organization that mindfully models, teaches, and encourages resilience in a way that prepares the workforce to face uncertainty without flinching.

The major goal of any organization is centered on building a workforce that has the capacity and the willingness to quickly respond and transform the changes within the external environment into the desired goals of the organization. This is only possible if the organization is a learning organization and the leadership has the willingness to teach and inculcate a positive leadership. While researchers reveal some organizational change efforts have resulted in organizational success, too often, organizational change initiatives fail and business leaders of large organizations are concerned about how to remain competitive in an increasingly unpredictable environment (Heckmann, Steger, & Dowling, 2016). Organizational change initiatives can be challenging to achieve successfully as evidenced by high implementation failure rates. In a survey conducted by Sull, Homkes, and Sull (2015), two-thirds of leaders reported they have failed to implement organizational change effectively. Most initiated organizational changes results in transformation, and it may be geared towards making the organization survive.

Competition ensures change in the way things are done and raise quality bar to international standard as well as help to achieve appropriate pricing level (Adesina, 2013). Many good ideas about how products and services should be offered, how they should be produced and delivered have suddenly become obsolete in the face of change. In the same way, many organizations find it difficult to cope with changing customer needs, new technology and innovation and as a result, fold up or are taken over by more aggressive competitors. The ability of organizations to survive is the ability to adapt and to thrive amidst these changes which in most cases may not be favourable. In Nigeria, many businesses have packed up, staggered, collapsed, and relocated as a result of unfavourable conditions of the environment (Ogunro, 2011). Kalay and Lynn (2014) opined that in a highly competitive environment, innovation is the essential key to a firm obtaining a dominant position and gaining higher profits.

Failure to execute organizational change effectively remains a challenge for business leaders (Al-Haddad & Kotnour, 2015; Mellert et al., 2015). The general business problem of most businesses today is when leaders fail to execute organizational change effectively, resulting in financial losses for their organizations and eventually organizational collapse and death. The specific business problem was some business leaders of large organizations in the United States do not understand the relationship between transformational leadership's idealized attributes, idealized behavior, inspirational motivation, intellectual stimulation, individualized consideration, and organizational change effectiveness. The execution of organizational change that results in organizational survival must be incorporated through organizational learning culture.

Many researches done on transformational leadership examined it from the perspective of its relationship with performance (Adesina, 2013), commitment (Ogunro, 2011), and on knowledge management (Lopez, peon & Ordas, 2004), organizational performance (Dekoulou & Trivellas, 2015) with little or none examining these variables together and their impact on organizational survival. Therefore, this paper will examine transformational leadership through idealized influence and inspirational motivation and how these variables can result in organizational survival. The paper is guided by the following research hypotheses;

**H<sub>01</sub>:** There is no significant relationship between idealized influence and adaptability in deposit money banks in Port Harcourt, Rivers State.

**H<sub>02</sub>:** There is no significant relationship between idealized influence and flexibility in deposit money banks in Port Harcourt, Rivers State.

**H<sub>03</sub>:** There is no significant relationship between inspirational motivation and adaptability in deposit money banks in Port Harcourt, Rivers State.

**H<sub>04</sub>:** There is no significant relationship between inspirational motivation and flexibility in deposit money banks in Port Harcourt, Rivers State.

## **2.1 Literature Review**

### **Transformational Leadership**

Bono and Judge (2004) who defined transformational leaders as being charismatic and influential in their ability to make employees do more than what was expected of them at work. Likewise, Shadraconis (2013) asserted that transformational leaders commanded by inspiring and encouraging their subordinates to use novel methods. Transformational leadership seeks to explain the unique connection between leaders and followers that result in extraordinary performance and accomplishments in both individual followers and the organisation (Bass & Riggio, 2006; Harter, Schmidt & Keyes, 2003). Judge and Piccolo (2014) explained that Bass initially introduced the concept of transforming leadership in his descriptive research on political leaders but it is a term now used in the field of organisational psychology. Transformational leadership refers to leaders with a strong vision for the future based on certain values and ideals (Bono & Judge, 2004). These leaders inspire followers by being optimistic and enthusiastic about the future and will communicate the appealing vision of the future by also using symbols to articulate this vision (Bono & Judge, 2004). According to Bass and Riggio (2006:6), “transformational leaders get followers involved in envisioning attractive future states, they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision.” Leaders falling into this dimension are able to build confidence and inspire followers by using persuasive language and symbolic actions (Bass & Avolio, 2005).

### ***Idealised Influence***

Idealised influence or charisma refers to the leader’s charisma that provides vision and sense of mission, instills pride, and gains respect and trust (Gomes, 2014). The term ‘idealised influence’ is used by Avolio and Yammarino (2012) to describe the charismatic quality of transformational leaders. According to Jung and Avolio (2000), idealised influence dimension refers to a charismatic ability of a leader to develop a vision and to influence followers to accept and share that vision. The idealised influence in terms of both behaviours and attributions serves as a charismatic role model for followers (Kark, Shamir & Chen, 2013). Bass (1985) defines charisma as a process in which a leader influences followers by arousing strong emotions and identification with the leader. Avolio and Bass (2002) argue that the ability of transformational leaders to appeal to personal beliefs and interests of their followers on an emotional level helps leaders influencing their followers to accept their vision. According to Bass and Avolio (1995), leaders use their idealised influence to inspire loyalty, respect, and admiration as well as stress on the significance of having a collective sense of mission. They further state that usually charismatic leaders’ followers feel pride for their association with their leaders.

### ***Inspirational Motivation***

Inspiration or ‘inspirational motivation’ refers to the leader’s ability to communicate high expectations, use symbols to focus efforts, express important purposes in simple ways (Bass, 1990). According to Koppula (2008), inspirational motivation can be defined as the extent to which a leader communicates an appealing vision, uses symbols to focus follower effort, and models appropriate behaviours. This dimension represents the ability of leaders to articulate a vision in a way that is appealing to their followers (Piccolo and Colquitt, 2006). Leaders use inspirational motivation to energise their followers through articulating a forceful vision (Hayati *et al.*, 2014; Jandaghi *et al.*, 2015). Moreover, Datche and Mukulu (2015) argue that transformational leaders show confidence and optimism when communicating a vision and that builds enthusiasm among their followers. However, Mulla and Krishna (2009) explains that through inspirational motivation, leaders articulate an appealing vision of future, direct their followers to the way of achieving the aims, and demonstrate confidence in their followers’ abilities. In addition, transformational leaders are considered effective in communicating significant goals in ways that their followers can understand and relate to (Ahmad, Abbas, Latif & Rasheed, 2014).

### ***Organisational Survival***

Organization survival is successful organizations, which are capable of achieving their objectives and goals and maintain it over a long period of time (Nwosu 2014). The goal of organizational survival underpins all goals (Adewale 2011). Paying attention to this goal contributes to the satisfaction and execution of other organizational goals as Gross (1968) posits the concept of survival as an unwritten law of every organization. He suggests that every organization must regard survival as an absolute prerequisite for serving any interest whatsoever and those that does not have survival as a primary objective or goal should have re-think. The most objective way to measure survival in organizations is to observe their continuing existence (Sheppard 2016). Survival of the organization in a vibrant and competitive business environment depends on how effectively the organizations learn to adapt itself to the environment and capitalize on its resources fully both human and material (Akani, 2015).

### ***Flexibility***

Flexibility has been defined as an entity’s ability to change its policies, practices or procedures quickly and easily to adapt to the diverse and changing demands of the environment (Zajac et al, 2000). The organizations most sensitive to changes in the environment have a strategic organizational capability that enables them to change easily and thus produce acceptable results without incurring high reorganization costs. Thus, organizational responsiveness is based on the concept of flexibility (Antonio & José-María, 2009). Organizational flexibility in the broad sense includes different kinds of flexibility defined by a set of resources, processes and managerial functions. Flexibility represents organization’s capabilities to create value for the organization by developing enabling human skills and behaviour (Sanyal & Sett, 2011). The success of organizations in the present competitive environment largely depends upon the calibre of their employees.

### ***Adaptability***

Adaptability has been defined as a “functional change (cognitive, behavioral, and/or affective) in response to actual or correctly anticipated alterations in environmental contingencies” (Nelson, et al., 2010:132). The ability to become more adaptable depends on two classes of individual



characteristics, those that can or cannot be trained (Nelson et al., 2010). These characteristics can be divided into attributes such as cognitive ability and personality that are very hard or impossible to influence, and attributes that are easier to influence such as experience, wisdom, knowledge and motivation (Pulakos et al., 2010; Mumford et al., 2000; Cunha & Heckmann, 2007). Pulakos, Arad and Donovan (2000) describe and measure adaptability as a combination of eight skills: a) handling work stress; b) handling emergencies or crisis situations; c) solving problems creatively; d) dealing with uncertain and unpredictable work situations; e) learning work tasks, technologies and procedures; f) demonstrating interpersonal adaptability; g) demonstrating cultural adaptability; and h) demonstrating physically oriented adaptability. Adaptability is defined as “behaviors demonstrating the ability to cope with change and to transfer learning from one task to another as job demands vary” (Allworth & Hesketh, 1999). The first conceptualization of adaptability positioned it as an addition to the two performance domains that were accepted at that time, task performance and contextual performance (Borman & Motowilo, 1993).

### **3.0 Methodology**

The population of this study is the accessible components of the census normally established in numbers (Baridam, 2001). For this study, our population is the total number of deposit money banks in Port Harcourt. The researcher used the purposive sampling technique. 10 employees from each bank and a total of twenty banks’ branches were selected. This gave the researcher an accessible population of 200 respondents at the various understudied deposit money banks. A structured questionnaire was designed to elicit data from respondents and the questions adopted the Likert 5-point scaling ranging from 1 – 5 (1 = very low extent, 2 = low extent, 3 = moderate extent, 4 = high extent, and 5 = very high extent). In analyzing the information for this study, data was classified into different groups with the aid of tables. This analysis was carried out using percentages with results adequately interpreted. The Spearman test statistic was used in testing the stated hypotheses through the use of statistical package for social sciences (SPSS). The reason for choosing the Spearman test statistic as the statistical tool is because the research questions were asked in the ordinal form and a correlation is to be measured.

### **4.0 Data Analysis and Results**

The decision for accepting or rejecting the stated hypotheses is based on the benchmark provided below as adapted from Guilford’s scale (1956) as cited in Irving (2005).  $r < .20$  – slight correlation and negligible;  $.20 - .40$  – low correlation/small relationship;  $.40 - .70$  – moderate correlation/substantial relationship;  $.70 - .90$  – high correlation/marked relationship;  $.90$  and above – very high correlation/very dependable. Invariably, when the value of  $r < .20$  is the benchmark for accepting null hypothesis;  $r \geq .20$  is for rejecting null hypothesis.

**H<sub>01</sub>:** There is no significant relationship between idealized influence and adaptability in the banking industry in Port Harcourt.

The test statistics used in testing the above hypothesis is the spearman’s rank order correlation coefficient. The computation of the value of the test statistics as done using SPSS is represented in the table below.

**Table 1: Spearman rank order calculation**

			Id_Infl	Adapt
Spearman's rho	Id_Infl	Correlation Coefficient	1.000	.760**
		Sig. (2-tailed)	.	.000
		N	200	200
	Adapt	Correlation Coefficient	.760**	1.000
		Sig. (2-tailed)	.000	.
		N	200	200

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Source: SPSS Output (2021).**

The statistics gave an r value of 0.760 which it gives from our scaled list a highly marked correlation between the variables under investigation. The probability (p) value from the table is 0.000, which implies that the variables are statistically significant. Since the p-value of 0.000 is less than 0.01 and also less than 0.05, therefore, we reject the null hypothesis and accept to alternative hypothesis, which states that “there is significant relationship between idealized influence and adaptability in the banking industry in Port Harcourt”.

In support to the findings of this work, Sanyal and Sett (2011) contend that while idealized influence are utilized by firms’ management to improve value and reasonableness in their employees’ services to adapting to change within the organization. Ahmad, Abbas, Latif and Rasheed (2014) suggested that managers try to influence their subordinates through effective communication of the significant goals in ways that their followers can understand and relate to.

**H<sub>02</sub>:** There is no significant relationship between idealized influence and flexibility in the banking industry in Port Harcourt.

The table below shows the computed value for the above hypothesis using Spearman rank order correlation coefficient through SPSS.

**Table 2: Spearman rank order calculation**

			Id_Infl	Flexi
Spearman's rho	Id_Infl	Correlation Coefficient	1.000	.630**
		Sig. (2-tailed)	.	.000
		N	200	200
	Flexi	Correlation Coefficient	.630**	1.000
		Sig. (2-tailed)	.000	.
		N	200	200

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Source: SPSS Output (2021).**

The statistics gave an r value of 0.630 which it gives from our scaled list a substantial correlation between the variables under investigation. The p-value from the table is 0.000, which is less than 0.05, therefore, we reject the null hypothesis and accept the alternative hypothesis, which states that “there is significant relationship between idealized influence and flexibility in the banking industry in Port Harcourt.

Zajac et al, (2000) sets that administration choices in granting workers the ability to be good because when workers feel that their organization is reasonable in giving them good communication, they confer themselves to hierarchical performance and supportable advancement. Akanbi (2015) inferred that idealized influence is utilized to provide the desires of individual employees all together just to keep them roused and ready for change flex in order to suit the organizational demands and goals. The Zajac et al, (2000) proposed that idealized influence is the best motivation method to boost the performance of workers and as such create the ground for improved flexibility.

**H<sub>03</sub>:** There is no significant relationship between inspirational motivation and adaptability in the banking industry in Port Harcourt.

The table below shows the computed value for the above hypothesis using Spearman rank order correlation coefficient through SPSS.

**Table 3: Spearman rank order calculation**

			In_Motv	Adapt
Spearman's rho	In_Motv	Correlation Coefficient	1.000	.570**
		Sig. (2-tailed)	.	.000
		N	200	200
	Adapt	Correlation Coefficient	.570**	1.000
		Sig. (2-tailed)	.000	.
		N	200	200

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Source: SPSS Output (2021).**

The statistics gave an r value of 0.570 which it gives from our scaled list a substantial correlation between the variables under investigation. The p-value from the table is 0.000, which is less than 0.05, therefore, we reject the null hypothesis and accept the alternative hypothesis, which states that “there is significant relationship between inspirational motivation and adaptability in the banking industry in Port Harcourt”. Leaders use inspirational motivation to energise their followers through articulating a forceful vision (Hayati *et al.*, 2014) and as such impact on their ability to adapt to change. The study by Jandaghi *et al.*, (2015) found that each factor within inspirational motivation has high significance in influencing workers’ abilities to adapt to new changes and newly introduced organizational objectives.

**H<sub>04</sub>:** There is no significant relationship between inspirational motivation and flexibility in the banking industry in Port Harcourt.

The table below shows the computed value for the above hypothesis using Spearman rank order correlation coefficient through SPSS.



**Table 4: Spearman rank order calculation**

			In_Motv	Flexi
Spearman's rho	In_Motv	Correlation Coefficient	1.000	.610**
		Sig. (2-tailed)	.	.000
		N	200	200
	Flexi	Correlation Coefficient	.610**	1.000
		Sig. (2-tailed)	.000	.
		N	200	200

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Source: SPSS Output (2021).**

The statistics gave an  $r$  value of 0.610 which it gives from our scaled list a substantial correlation between the variables under investigation. The  $p$ -value from the table is 0.000, which is less than 0.05, therefore, we reject the null hypothesis and accept the alternative hypothesis, which states that “there is significant relationship between inspirational motivation and flexibility in the banking industry in Port Harcourt”.

Ong and Teh (2012) on reward system and performance within Malaysian commercial banks found that most of the commercial banks provide both monetary and inspirationally motivate the workers to readily adjust to newly placed tasks within the organization. The study however, found a positive relationship to exist between inspirational motivation and performance of the organizations.

## 5.0 Conclusion

This study investigated the influence of transformational leadership on organizational survival of deposit money banks in Port Harcourt. Transformational leadership was seen from the dimensions of idealized influence and inspirational motivation as focus, while organizational leadership was looked at from the measures of adaptability and flexibility. The results proved that transformational leadership through its reviewed dimensions influences adaptability and flexibility as seen from the quantitative analysis. Therefore, it was reasonable to conclude that transformational leadership positively impacts on organizational survival.

## 6.0 Recommendations

The conclusions derived from the study point to the importance of transformational leadership in the context of organizational survival. This study therefore stresses that deposit money banks should endeavour to prioritize idealized influence through effective and efficient communication, leading by example, and good corporate image with the knowledge that it is a prerequisite for flexibility and adaptability in an organization. Also, in a work environment where survival is in high demand, organisations should adopt a system that will properly motivate employees both structurally and psychologically so as to attain the desired flexibility and adaptability in the organization.

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